



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



MARK J. SALADINO

TREASURER AND TAX COLLECTOR

KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET, ROOM 437
LOS ANGELES, CA 90012
TELEPHONE: (213) 974-2101 FAX: (213) 626-1812

May 24, 2005

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

APPROVAL OF
TREASURER AND TAX COLLECTOR
TAX-DEFAULTED SECURED PROPERTY FEES
(All Districts - 3 Votes Required)

IT IS RECOMMENDED THAT YOUR BOARD, AFTER THE PUBLIC HEARING:

1. Increase the Notification of Parties of Interest Fee from the fixed statutory fee of \$35 to a total fee of up to \$270 per parcel which allows the Treasurer and Tax Collector (TTC) to recover actual costs, including labor, for mailing notifications to property owners and parties of interest impacted by the public auction of tax-defaulted secured properties that are subject to the power of sale.
2. Increase the Title Search Fee from \$57.50 to \$60.00 to allow full recovery of the actual costs incurred by TTC under a Board approved contract with West Coast Title Company for title investigation services.
3. Adopt the attached ordinance (Attachment I) amending Section 4.64.150-Title Search and Party of Interest Notification Fee to reflect the imposition of a fee up to \$270.00 per parcel for mailing notification to parties entitled to receive a notice of auction of tax defaulted properties that are subject to the power of sale and to reflect the increase in the Title Search Fee from \$57.50 to \$60.00.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

In an on-going review of fees charged by the Department, TTC determined that the actual costs incurred related to the administration and sale of tax-defaulted secured property far exceed the current amount recovered. Tax-defaulted parcels subject to the power of sale have been assessed a fixed statutory \$35 fee since 1998. Technological advances in recent years have resulted in new research tools and access to data bases, requiring significant and increased staff research time. These increases to labor costs combined with increases in postage costs have resulted in the \$35 fee being no longer sufficient to recover the incurred costs. Accordingly, the increase to the Notification of Parties of Interest Fee and the Title Search Fee is warranted.

Government Code section 54985(a) authorizes the Board of Supervisors to increase statutory fees, if not otherwise prohibited, in an amount reasonably necessary to recover the actual costs incurred in performing these services and/or enforcing these provisions. Accordingly, TTC recommends that your Board increase these statutory fees in order for TTC to recover actual costs.

Implementation of Strategic Plan Goals:

Approval of the proposed cost recovery fees supports the County's Strategic Plan Goal of "Fiscal Responsibility" by fully recovering actual costs.

FISCAL IMPACT/FINANCING

An increase of the Title Search Fee to \$60.00 and establishing a Party of Interest Notification Fee of up to \$270.00 per parcel will result in recovery of departmental costs of providing the required notices and research.

FACTS AND PROVISIONS

Background:

Generally, tax-defaulted real property may be sold at public auction after five years or more have elapsed since the initial default occurred for non-payment of property taxes, and the property owner has not redeemed the parcel. However, for nonresidential commercial property and property subject to certain nuisance abatement liens, the TTC has the power to sell the real property at public auction three or more years after the property has become tax defaulted.

Pursuant to R&T Code Section 3701, the County is directed to mail notices of the auction of any tax defaulted property to all parties of interest, as defined by

Revenue and Taxation Code section 4675, prior to the tax sale of that property at public auction. Revenue and Taxation Code section 4675 defines a party of interest as any party who is lien holder of record and/or any person with title of record to all or any portion of the property, prior to the recordation of the tax deed. In order to comply with these notice requirements, TTC must identify property owners and/or parties of interest to each parcel and make an effort to provide notice, by certified mail, to each of the parties prior to the sale of the tax defaulted property at public auction.

Title Search and Party of Interest Notification Fee:

County Code Section 4.64.150 provides for a fee of \$57.50 per title search investigation. On July 14, 2004, your Board approved a new contract with West Coast Title Company for \$60.00 per title search. In approving these recommended actions, your Board will allow TTC to fully recover the actual cost of \$60.00 paid under the current contract.

In accordance with statutory provisions, for over 25 years, the County has recovered costs for the combined tasks of mailing notification to legal parcel owners of tax-defaulted secured properties of the proposed auction and identifying and mailing notification to any parties of interest of this parcel at the statutory fixed fee of \$35.00. However, the actual costs incurred is up to \$270.00 per parcel. By your Board's approval to recover actual costs of up to \$270.00 per parcel, TTC proposes to assess the fee using a two-tiered schedule.

Two-Tier Fee Assessment Process

The Notification of Parties of Interest Fee is a one-time fee and will be applied using a two-tier process as follows:

Tier 1:

On July 1st of the fourth year that the property is in tax default on nonresidential commercial property and property subject to nuisance abatement liens, and the sixth year that property is in tax default on all other properties, TTC will apply an initial fee of \$35.00 for costs associated with initiating the process of identifying the parties of interest entitled to notice of the proposed auction.

Tier 2:

For properties that have not been redeemed prior to the proposed auction date which have incurred additional costs incurred after July 1st associated with identifying and mailing notification to any parties of interest prior to

the sale of this parcel at public auction, TTC will apply the additional \$235.00 fee, for a total assessed fee of \$270.00. The incremental increase of \$235.00 reflects additional costs incurred by TTC after July 1st which include activities such as reviewing title reports; searching and reviewing the Secured Tax Roll and other County databases for similar names and addresses on other properties; researching bankruptcy, probate or other court cases; and reviewing IRS and other tax or governmental recorded liens.

TTC proposes to apply the two-tiered Notification of Parties of Interest Fee of up to \$270.00 per parcel and the Title Search Fee of \$60.00 as appropriate to tax-defaulted parcels that are subject to power of sale on and after July 1, 2005 and scheduled for auction on and after December 1, 2005.

Review of Cost Analysis Methodology

At the request of this department, the recommended two-tiered Notification of Parties of Interest Fee has been reviewed and approved by the Auditor-Controller and County Counsel. The Auditor-Controller and County Counsel have reviewed and concur with the Department's cost analysis methodology and calculations used to derive the recommended per parcel fee of up to \$270.00. Additionally, County Counsel has drafted the attached ordinance (see Attachment I).

LEGAL REQUIREMENTS

Pursuant to Government Code Section 66018, a public hearing is required prior to the approval of a change to an existing fee. A notice of Public Hearing is to be published by the Executive Office in accordance with Government Code Section 6062(a). Subsequent to this action, the Executive Office will notify the public of these ordinance changes as required by Government Code Section 25124.

IMPACT ON CURRENT SERVICES

The proposed fee revisions will not impact current services.

CONCLUSION

Please instruct the Executive Officer/Clerk of the Board to return three (3) conformed copies of this Board Letter and the attached Ordinance to the Treasurer and Tax Collector.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:NAF
RAM:mas

Attachment

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Executive Officer, Board of Supervisors

ANALYSIS

This ordinance amends Title 4 - Revenue and Taxation of the Los Angeles County Code relating to the fees charged and collected by the Treasurer and Tax Collector, by amending Section 4.64.150, to reimburse the County for costs related to the sale of tax defaulted real property.

RAYMOND G. FORTNER, JR.
County Counsel

By 

JOYCE M. AIELLO
Principal Deputy County Counsel
Special Services Division

JMA:bl

Requested 4/6/05

[464150JACC]

ORDINANCE NO. _____

An ordinance amending Title 4 – Revenue and Taxation of the Los Angeles County Code, relating to the fees charged and collected by the Treasurer and Tax Collector to reimburse the County for costs related to the sale of tax defaulted real property.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 4.64.150 is hereby amended to read as follows:

4.64.150 Title search and party of interest notification fees.

The fee charged for title searches as specified under Section 4112 of the Revenue and Taxation Code, and in accordance with Government Code Section 54985(a), shall be ~~\$57.50~~ \$60.00. This fee is imposed to recover costs incurred by the Treasurer and Tax Collector.

The fee charged for providing notice by mail to any parties entitled to receive a notice of auction, required by Section 3701 of the Revenue and Taxation Code, of any tax defaulted parcel which is subject to sale to collect defaulted secured property taxes, pursuant to Section 3691 of the Revenue and Taxation Code, shall total \$270.00 per parcel. This fee is imposed to recover costs incurred by the Treasurer and Tax Collector as specified under Section 4112 of the Revenue and Taxation Code and in accordance with Government Code section 54985(a).